

FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554
NOV 13 2003

FILE

OFFICE OF
MANAGING DIRECTOR

Jack Lotsof, President
Stereo 97, Inc.
276 Nassau Avenue
Buffalo, New York 14217

Re: Stereo 97, Inc.
Request for Waiver of FY 2003 Regulatory Fees
Fee Control No.: 0309238835238012

Dear Mr. Lotsof:

This letter responds to your request dated September 12, 2003 filed on behalf of Stereo 97, Inc. (Stereo 97) for a waiver of the Fiscal Year (FY) 2003 regulatory fees of \$845.00 for Station KAVV(FM), Benson, Arizona, and booster station KAVV-FM1, Tucson, Arizona. Our records reflect that the regulatory fees have been paid.

You recite that Stereo 97, whose sole business is KAVV, lost \$62,446.00 in the fiscal year ended June 30, 2003. You state that only one of the licensee's three corporate officers receives compensation for his work in the amount of \$30,450.00 and that he is also the station's full-time general manager. In support of your request for waiver, you submit financial statements for Stereo 97's fiscal year ending June 30, 2003.

In establishing a regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. The Commission therefore decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." *See Implementation of Section 9 of the Communications Act*, 9 FCC Rcd 5333, 5346 (1994), *recon. granted*, 10 FCC Rcd 12759 (1995).

Our review of your submission indicates that Stereo 97 suffered an operating loss in Stereo 97's fiscal year ending June 2003 of \$62,446.00 and that this deficit was only partially offset by the salary paid to one officer and a deduction for depreciation. Accordingly, in light of your compelling showing of financial hardship, your request for waiver of the FY 2003 regulatory fees is granted.

You have also requested confidential treatment of the materials that you submitted with your fee waiver request. Pursuant to section 0.459(d)(1) of the Commission's rules, 47 C.F.R. §0.459(d)(1), we do not routinely rule on requests for confidential treatment until we receive a request for access to the records. The records are treated confidentially in the meantime. If a request for access to the information submitted in conjunction with

Jack Lotsof, President

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your regulatory fees is received, you will be notified and afforded the opportunity to respond at that time.

A check, made payable to the maker of the original check, and drawn in the amount of \$845.00, will be sent to you at the earliest practicable time. If you have any questions concerning this letter, please contact the Revenue and Receivables Operations Group at (202) 418-1995.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Reger", with a large, stylized initial "M" and a long, sweeping horizontal stroke extending to the right.

 Mark A. Reger
Chief Financial Officer

0309238835238012

STEREO 97, INC.

**276 NASSAU AVENUE - BUFFALO, NEW YORK 14217
716 876-6924**

September 12, 2003

Att'n: Regulatory Fee Waiver/Reduction Requests
Office of the Managing Director
Federal Communications Commission
450 12th Street, S.W., Room 1-A625
Washington, D.C. 20554

Re: Waiver of Mass Media Regulatory Fee for
FM Booster KAVV-FM1, Tucson, Arizona and
FM Radio Station KAVV, Benson, Arizona

Gentlemen:

Please accept this letter and the accompanying Financial Statement as this licensee's application for waiver of the regulatory fee for FM Booster KAVV-FM1 and FM Radio Station KAVV, for fiscal year 2003, pursuant to 47 CFR §1.1166, 9 FCC Rcd 5333, 5346 (1994).

As the enclosed financial statement shows, in its fiscal year ended June 30, 2003, Stereo 97, Inc., whose sole business is KAVV, lost \$62,446, on a cash basis. Disregarding depreciation, the operating loss for the year ending June 30, 2002 was \$54,918. KAVV has never been profitable, probably because it serves such a small market.

The officers of Stereo 97, Inc. and the respective amounts of their compensation from the said business in FY2002-03 and currently are:

Jack Lotsof, President	None
Paul S. Lotsof, Vice President	\$30,450/year
Frances S. Lotsof, Secretary/Treasurer	None

In evaluating a corporation's profitability, in some instances salaries paid to passive owners, officers and directors should be excluded. However, in this station's case, such exclusion would be inappropriate, since the only compensated owner, officer or director, the station's Vice President, worked full time managing the station on a day-to-day basis. The compensation he received was not by any means an unearned distribution. Paul S. Lotsof's sole employment was his full-time position as KAVV's general manager. During the referenced fiscal year, he worked more than sixty hours per week for this station. His salary in the fiscal year was \$30,450, which is an extremely low level of compensation for

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Office of the Managing Director
September 12, 2003
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the position. This salary was his only earned income from any source and represented compensation only for services actually rendered to the station. This employee has more than 35 years' experience in the commercial radio business and would command a higher salary elsewhere. He has dedicated more than 20 years to KAVV, which, in undercompensating him, has taken unfair advantage of this employee. No other employee, consultant or other individual received as much as \$25,000 in any form of compensation in Stereo 97's FY 2002-03.

Over the current (2003-04) fiscal year, KAVV is expected again to lose money from on-going operations on a cash basis, excluding depreciation.

Stereo 97, Inc. is solely owned by the undersigned, a retired engineer, 85 years old, on a fixed retirement income. I find it necessary to keep the station on a strict operating budget. Where expenses for one item increase, expenses for other items are forced down. Because of this, the imposition of the regulatory fees necessarily means that expenditures for needed improvements, including equipment and programming, have to be scaled back by an equal amount.

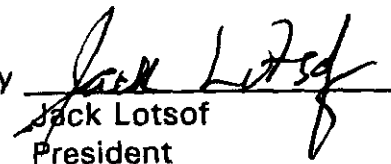
The regulatory fees for KAVV-FM were waived for FY 1994, 1995, 1996, 1997, 2000 and 2001.

If further information is required, please contact me.

May I request that the information contained in this letter and the enclosure be kept confidential to the extent legally possible?

Thank you for considering this waiver application.

Sincerely,
STEREO 97, INC.

By 
Jack Lotsof
President

Encl.

AR012-A
11/03/2003
16:28:45

RAMIS ACCOUNTS RECEIVABLE - (c) DSG, Inc.
RECEIPTS DETAIL REPORT
SORTED BY TRANSACTION DATE, CD No., FEE CONTROL No.

PAGE 1
11/03/2003
16:28:45

CD No.	CD DATE	FEE CONTROL No.	FRN	PAYER NAME	TRANSACTION DATE	RECEIPT AMOUNT
560810	9/23/03	0309238835238012	0005007539	Stereo 97, Inc.	9/22/03	\$840.00
Seq: 1 Call Sign: KAVV FCC Code 1: FCC Code 2: Tin Number:						
PTC: 0341 QTY: 1 Applied Amt: 475.00						
Applicant Name: STEREO 97 INC						
Address: 276 NASSAU AVE						
Seq: 2 Call Sign: KAVVFM1 FCC Code 1: FCC Code 2: Tin Number:						
PTC: 0368 QTY: 1 Applied Amt: 365.00						
Applicant Name: STEREO 97 INC						
Address: 276 NASSAU AVE						
Total:				\$840.00		





Payment Search Detail

Fee Control Number	Payer Name	Payment Amt	Overage Amt	▲	Credit Card Info		
0009138835101001	STEREO 97 INC	\$625.00	\$0.00		Payor Info		
0009258835538002	STEREO 97 INC	\$300.00	\$0.00		Bad Check Info		
0109218835244009	STEREO 97 INC	\$555.00	\$0.00		Changer Info		
0209248835234003	STEREO 97 INC	\$695.00	\$0.00		Acct Info		
0309238835238012	STEREO 97 INC	\$840.00	\$0.00		Also Show JVD transactions		
9408308835194012	STEREO 97 INC	\$600.00	\$0.00	▼	More to Unapplied		
<div>◀</div>					<div>▶</div>		
Sequence	Quantity	Payment Type Code	Payment Amount	Trans Code	Call Sign Other ID	Treasury Symbol	
1	1	0341	\$475.00	PMT	KAVV	27X6088	OK
2	1	0368	\$365.00	PMT	KAVVFM1	27X6088	OK
<div>◀</div>							
<div>▶</div>							

Close

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